

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7695**

**BILL NUMBER: HB 1962**

**DATE PREPARED:** Feb 14, 2001

**BILL AMENDED:** Feb 13, 2001

**SUBJECT:** Skills 2016 Worker Training Program.

**FISCAL ANALYST:** Chuck Mayfield

**PHONE NUMBER:** 232-4825

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill establishes the Skills 2016 Training Program to be funded by a 0.06% assessment upon wages and to be administered by the Department of Workforce Development. It reduces unemployment insurance tax rates by 0.06% of wages. The bill establishes the Skills 2016 Training Fund to be used for the administration of the Skills 2016 Training Program, effective for the years 2002 through 2006. It provides for funding for industrial and building trades programs. It also makes conforming amendments.

**Effective Date:** January 1, 2002.

**Explanation of State Expenditures:** (Revised) The bill establishes the Skills 2016 Training Program to do the following:

1. Improve manufacturing productivity levels in Indiana.
2. Enable firms to become competitive by making workers more productive through training.
3. Create a competitive economy by creating and retaining jobs.
4. Encourage the increased training necessary because of an aging workforce.
5. Avoid potential payment of unemployment compensation by providing workers with enhanced job skills.
6. Ensure that the Department has the proper technology and training necessary to facilitate a changing workforce.
7. Provide \$5,000,000 to the Indiana Vocational Technical College for participants in joint labor and management apprenticeship programs (45% is designated for industrial programs and 55% is designated for building trades programs).

The program is funded by a 0.06% assessment upon wages. The assessment would generate about \$11 M.

**Explanation of State Revenues:** (Revised) The bill reduces the contribution rate schedules for employers

by 0.06% of wages, or the lowest amount allowed under federal law. The tax revenue for the Unemployment Insurance Benefit Fund was \$300,347,379 for FY 2000. A reduction in the rates of 0.06% of wages would reduce revenue by about \$11 M per year.

The State of Indiana is self-insured for unemployment benefits and pays claims as they occur. Consequently, the reduction in rates would not affect the state.

The 0.06% assessment for the Skills 2016 Training Fund would generate about \$11 M annually.

**Explanation of Local Expenditures:** The impact on a local unit of government will be as an employer.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Workforce Development and all State Agencies.

**Local Agencies Affected:** All.

**Information Sources:** Charles Mazza, Department of Workforce Development, (317)232-7460.